

OIT #0384-87
24 June 1987

MEMORANDUM FOR: Deputy Director for Administration

FROM: Edward J. Maloney
Director of Information Technology

25X1 SUBJECT: Observations on the [] Report on
the Agency Payroll Function

Bill--

25X1 1. I have read the report you sent me on the Agency payroll function authored by []. Let me add my observations. On the surface, it would appear that we all know where we want to go, i.e., large, neat, well-integrated administrative systems that can serve a whole host of needs from pay-tech to deputy director, with very strong data discipline and simplicity from which we could evolve for the next ten to twenty years. The team looked at corporate data and OIT management, and then tried to develop the issues associated with building a payroll function from a variety of different perspectives.

2. They confirmed that each of the offices has a different perspective on the issues. I agree with most of their observations. What they were unable to do, however, was come to grips with the need to fundamentally change the way we approach the problem. OF and OP must show more leadership in what needs to be done (requirements); and OIT needs to show more leadership in how we ought to do it. Right now all of us are too involved telling the other guy how to do his job. The DOS concept will, I hope, move us to an environment where the customer office makes most of the calls.

25X1 3. I agree, and have already talked to [] that we need to move early on defining the data elements that are to be part of the corporate data system. Gene will do this. This confusion, together with the confusion (perhaps anxiety) associated with the DOS activity, and overlaid with the stress of not enough people to get done the things that we want, all make for a very tough environment to dig out of. As you and I have discussed over the past two years, some of the things under way are to affect fundamental change. That does not come easily or painlessly.

4. The authors of the report observe that there are a lot of issues that are tough to deal with, that we all (OF, OP and OIT) ought to work as a team to get all aspects of the issues resolved. Team work is great but I submit

that is what we have been trying to do for the last ten years and we have paid a high price in the rare examples where it has worked. For the most part, I don't believe it has ever really worked and I don't believe it is working now. Of course there are areas where team work is essential but overlaying team work must be clear lines of responsibility and accountability. Anything short of dramatic action in this particular area will be a signal for everyone to keep plugging away as before. Someone must be in charge; someone must be accountable.

5. My vote is to move the responsibility for all compensation systems to the Office of Personnel. This doesn't have to mean people, positions, career service, etc.); it does mean that OP will speak as THE responsible author of priorities and requirements of our compensation systems PERIOD. Let's get on with it.

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A rectangular box with a thin black border, used to redact the signature of Edward J. Maloney.

Edward J. Maloney

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OIT/TRIS
LOGGED

2 June 1987

MEMORANDUM FOR: Deputy Director for Administration

25X1
FROM:



SUBJECT: The Agency Payroll Function

REFERENCE: Your oral request of 13 May 1987 to examine the interrelationships of OIT, OP, OF on Payroll.

1. This paper discusses the results of interviewing key employees in the Offices of Finance, Personnel and Information Technology, and others, (see Attachment A). Discussions were directed in accordance with our understanding of instructions we received, (see Attachment B) and we used a prepared paper to stimulate and engage those being interviewed, (see Attachment C). We began our interviews at the working levels and progressed our way up through each component level; the final interviews were held in succession with the Office Directors and Deputy Directors.

2. First, there was strong, consistent support for a single, integrated system which can share common data among DDA offices. Secondly, use of a corporate data base, the new Integrated Data Management System (IDMS), also received strong support. Thirdly, all persons interviewed commented that standardization of data elements is sorely needed in the DDA. Effective discipline, enforced by OIT, will be essential to approach the maximum success from the corporate data. This discipline is needed not only for payroll/personnel related data, but also for all DDA systems involving OS, OMS, OTE, OL, etc.

3. The Office of Information Technology has an overflowing plate with resources strung out too far to guarantee quality. OIT should realistically and firmly determine resources needed, i.e. whether OIT has the available resources to do the job or whether a private contractor should be engaged. The Director, OIT should serve in an advisory role to customers on technical matters. OIT should not be prioritizing customer requirements. The personnel we spoke with in OIT are very dedicated, highly skilled and concerned. However, at the same time they are frustrated with the overwhelming amount of work and their difficulty in accomplishing timely high quality work. Further, accountability is hampered by personnel

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rotations. It is accepted generally that employees often do not remain on a project from start-up to finish. Everyone to whom we spoke recognized that, IDMS, corporate data, is new. OIT is still on the learning curve and is in the early stages of applications.

4. A 1984 Inspector General report on the Office of Finance recommended that a systems division be established; this was approved by the then DDCI. A Systems Division was subsequently established in OF in October 1985 and includes a mix of both OF and OIT personnel.

5. There is much interest, both pro and con, relative to the newly proposed Dispersed Office Support (DOS) concept. The proposal outlines the development of a DOS unit, composed of ADP specialists from OIT and its customer office -- for example, OP. This unit would be located in OP, managed by a senior OIT officer, and directed by a Deputy Director/OP. The purpose of the DOS unit with OP would be to foster better communications between system implementors and the customer; to greatly enhance the implementors understanding and knowledge of customer activities and priorities; to provide timely ADP services to OP; to provide the customer with an awareness of the system development and maintenance process; and to insure compliance with OIT systems standards. It is our opinion that we need to accelerate the implementation of a DOS unit in OP and we need to establish a DOS unit in OF. In addition, we believe that there is a definite role for an OIT consultant, at the GS-11 to GS-14 level, in the DOS units.

6. The Agency payroll personnel systems are not integrated, existing interfacing has difficulties. There were strong feelings among those interviewed, including a commercial contractor, that reorganization, in of itself, will not be the easy answer or necessarily hasten resolution. Consensus ruled out a single big system to address the significant payroll-personnel integrated, shared information system. Such a system would take too long to develop and is too people and money intensive. It also was expressed that the working troops need help now. ELECTAS and PAIDS II are examples which soon will assist OF. Decentralizing the electronic input of Form 1152 will assist OP and OF. We must do more of this modular development.

7. In February 1987, a two day meeting was held offsite and included two levels of representatives from each of OIT, OP and OF. Attendees report it was fruitful. Initially the parochial barriers and mind sets were evident but the ensuing discussions broke that down and the meeting concluded with an agreement for a joint technical collegiate approach. As a result, the Payroll/Personnel Task Force, composed of representatives of OIT, OP and OF, has been charged to investigate the integration of personnel and payroll information into a single computer system. The task force has 90

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days to develop a high level Technical Architecture plan, an Implementation plan, and a Management plan. This joint effort is underway and needs to be pursued with a firm deadline (see Attachment D).

8. In many private companies the payroll function either has been or is being placed into personnel offices. The public sector payroll is much simpler as it involves hours and hourly rates controlled by the company. The Agency's payroll is more complex due to multiple categories of employees and contractual arrangements, e.g. various scheduled tours of duties; staff and contract employees, independent contractor, [redacted]

25X1 [redacted] etc.. Further, the continual changing government employee
25X1 pay and allowances legislation complicates Agency payroll. The Agency must respond to these changes while considering various impacts of security, cover, operational, and sensitivity issues, including taxes and other external reporting requirements. Agency payrolling is not simple. The operation is little understood outside of the dedicated OF, OP and OIT employees who operate and maintain the antiquated, manual and non-integrated systems. The Agency has never missed a pay day. This is due in large measure to the dedication and pride of the employees involved.

9. Regulations, policy and procedures must be designed and developed to permit data input to the corporate data system rather than requiring the system to accommodate policies and procedures. For example: 99% of travellers signing out of CTS arrive at foreign post as scheduled, but commencement of allowances is held until an arrival confirmation cable comes in to Headquarters. Allowance payments are not being payrolled automatically on the day of arrival, thus creating retroactive or delayed start up of payment. The pay and allowances should be paid on time based on arrival schedule, and payroll can handle the 1% exceptions as cables may determine. This is a classic example of benefits to be derived by converting manual functions to the computer for controlling exceptions. Such streamlining in conjunction with computer application and controls can be significant in improving service to employees. Another opportunity for Senior Management to improve services to the employee is to standardize certain procedures. For example: Currently, Agency components demand or are given options as to how to pay monetary awards, i.e. EFT, check to be sent to office of the employee for personal presentation, etc. It took several years and a nudge from the U.S. Treasury before management agreed to pay all biweekly pay cases by EFT.

10. The Office of Personnel is the first contact point for a new employee. This relationship starts in the applicant phase and continues to the swearing-in of the appointee. That first Form 1152, Request for Personnel Action, results in the Excepted Appointment action and the Form 1150, Personnel Action triggers the payroll system. From this point forward, all changes affecting an

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employee's compensation are triggered by OP actions, whether the change involves basic pay, allowances, monetary awards, bonuses, etc. Many of the delays in payrolling are caused by the "systems," which are paper and manual intensive. Now that Form 1152 is automated, more of the monetary entitlements should be linked to Form 1152.

11. Currently, an OIT-developed Electronic Time and Attendance System (ELECTAS) and a Price Waterhouse-developed Payroll Automated Inquiry Database System (PAIDS II), which will provide the capability for automated retroactive pay computations, will go a long way to automate two of the most labor intensive payroll work processes while improving accuracy. The ELECTAS currently is being implemented component by component, (OIT and OF have it now) the PAIDS II will be phased in over the next four to nine months.

12. Moving payroll or colocating payroll will not, in itself, solve problems of lack of automation, timeliness and accuracy. Management in all three offices must support the immediate development of modular applications, such as the aforementioned ELECTAS, PAIDS II and Form 1152 to demonstrate commitment. These modules should conform to the OIT systems standards as developed.

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